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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

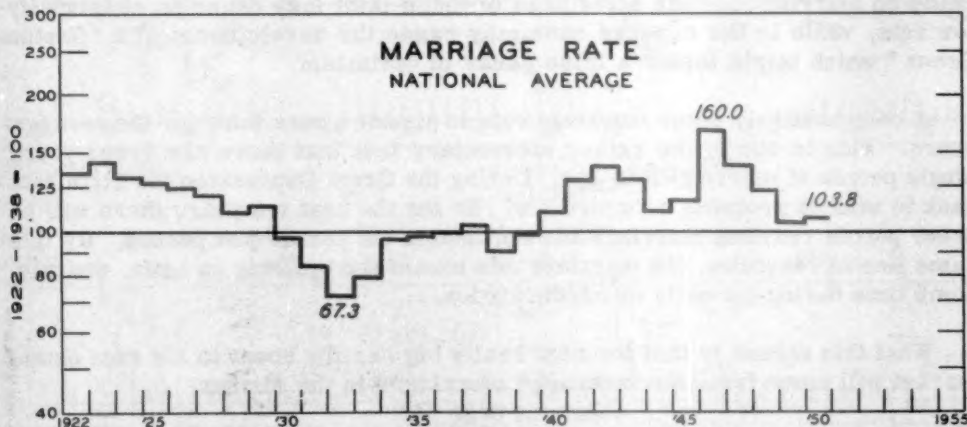
MARRIAGE RATE LEVELS OFF

LAST July, shortly after the Korean War began, we had this to say about the marriage rate and its effect on the real estate market:

Although the continuation of the war in Korea may bring about a slight halt in the dropping marriage rate, we anticipate no worth while rise in this index unless draft requirements become much more stringent. However, if all-out war develops the real estate business will probably be put under such stringent government controls that the marriage rate will affect it little one way or the other.

We believe that the situation as it now exists will not provoke all-out war between this country and Russia and that the falling marriage rate will continue in its downward trend. This falling rate of new family formation joined with the record-breaking production of housing and other consumer durables will eventually lead to a sharp reduction in demand. Our feeling is that the present strong surge is being powered chiefly by unusually loose credit and can be greatly weakened by higher terms and larger down payments.

Despite all of the recent conversation about the rising marriage rate, our index (compiled from the "Monthly Marriage Report" issued by the Federal Security Agency) stood at 103.8 at the end of 1950, compared with 103.3 at the end of 1949.



In other words, the "slight halt" mentioned above amounted to a one-half of a point rise by the end of 1950.

Figures for the first five months of 1951 indicate that the marriage rate stood at approximately 110 at the end of May. However, this rise occurred during the first quarter of this year and the months of April and May 1951 were considerably below the corresponding months for 1950. All of this seems to indicate that, barring additional war stimulus, the marriage rate will continue to drop during the remainder of 1951 and will finish out the year at right around 100, perhaps a point or two above or below.

Of course, the important thing about the marriage rate is that it is the chief indicator of the speed with which new families are being formed. This, in turn, has an important bearing on the real estate market. In studying the charts of the marriage rate on 80 metropolitan areas (pages 329 through 336) it is interesting to note that nearly all of them reached the peak at about the same time that real estate activity reached its peak - in most cases in 1946.

These charts show how the marriage rate in each city compares with the national average. The national average is shown by the red line.

The cities with the lowest "normal" marriage rates are found on the West Coast and in the South. By the term "normal" we exclude such cities as Memphis and Chattanooga with abnormally low rates. These Tennessee cities undoubtedly have such a low rate because the State requires a three-day waiting period, and it is a simple matter to cross the border to a State without such a requirement.

On the other hand, the cities with the highest marriage rates are found (temporarily at least) on the East Coast.

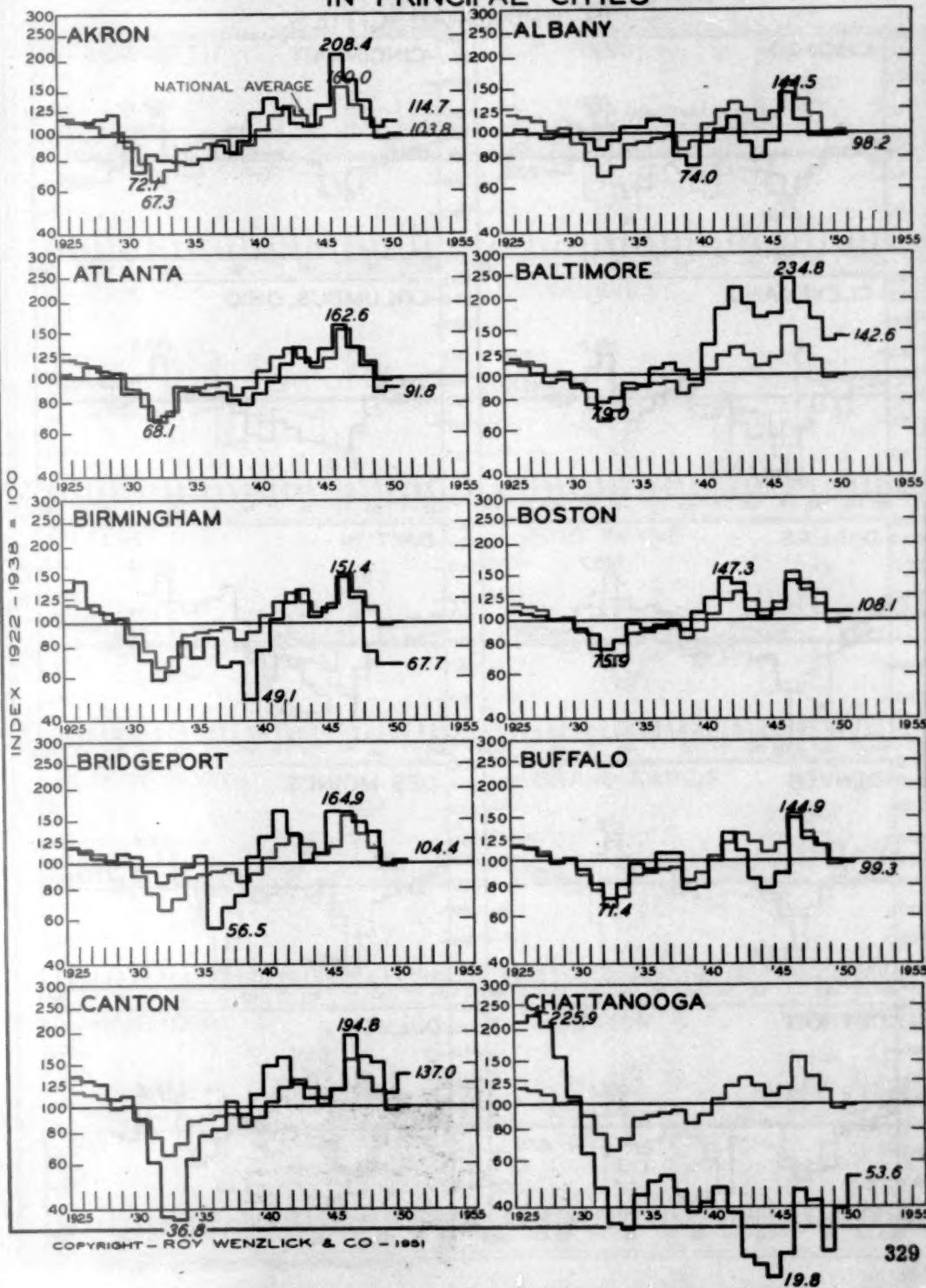
In evaluating the effect the local marriage rate may have on the real estate market it is well to keep in mind the local laws and conditions that bear importantly on marriages. The strictness of these laws may cause an abnormally low rate, while in the reverse case may cause the development of a "Gretna Green" which might foster a false sense of optimism.

A comparatively lower marriage rate is almost a sure thing for the next few years. This is due to the rather elementary fact that there are fewer young single people of marriageable age. During the Great Depression the birth rate sank to what is probably a record low. So for the next ten years there will be fewer people reaching marriageable age than in the decade just passed. By this same line of reasoning, the marriage rate should start picking up again, sharply, some time during the early or middle sixties.

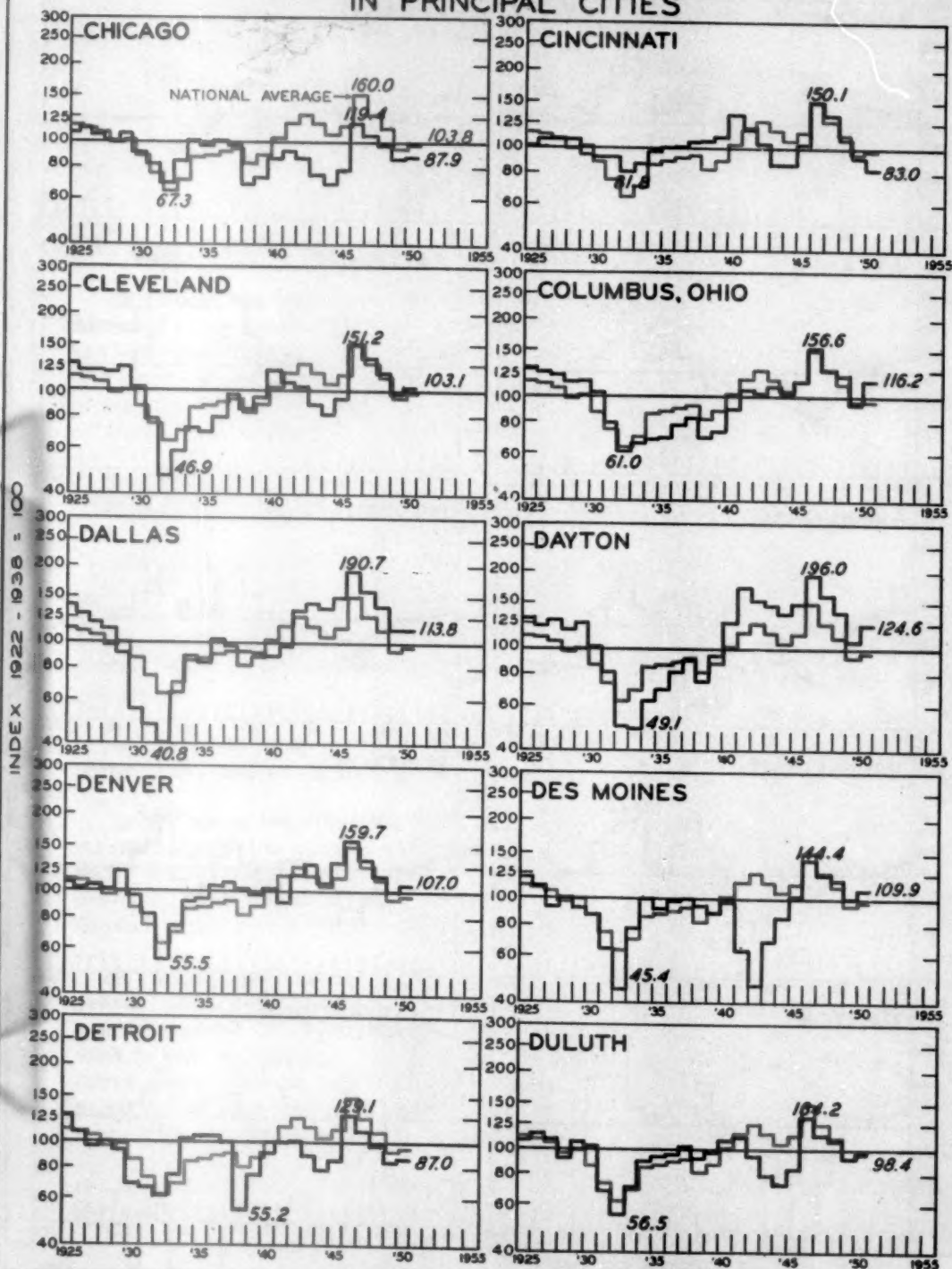
What this means is that the next really big healthy boost to the real estate market will come from the increased marriages in the sixties.

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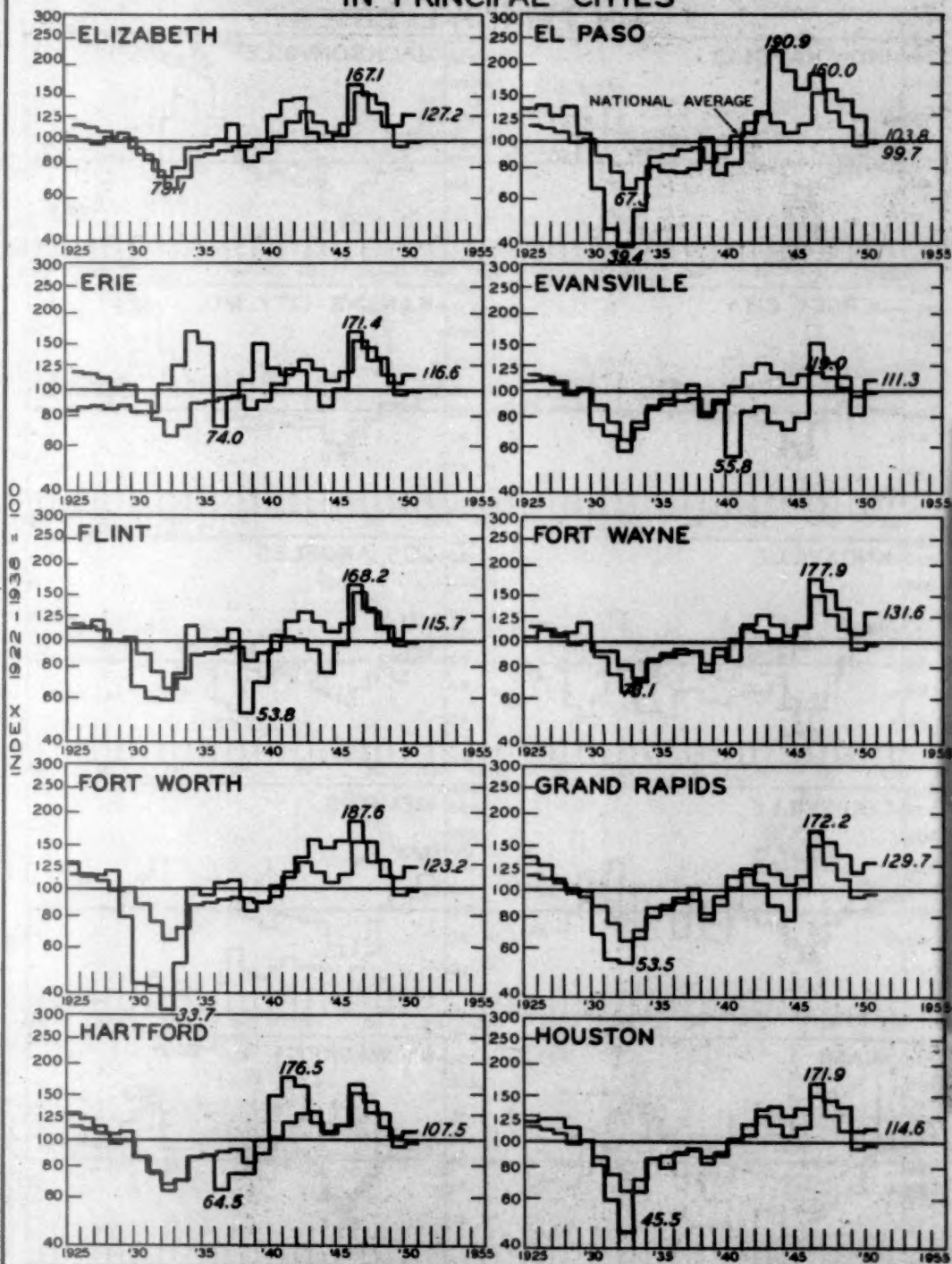
FLUCTUATIONS IN THE MARRIAGE RATE IN PRINCIPAL CITIES



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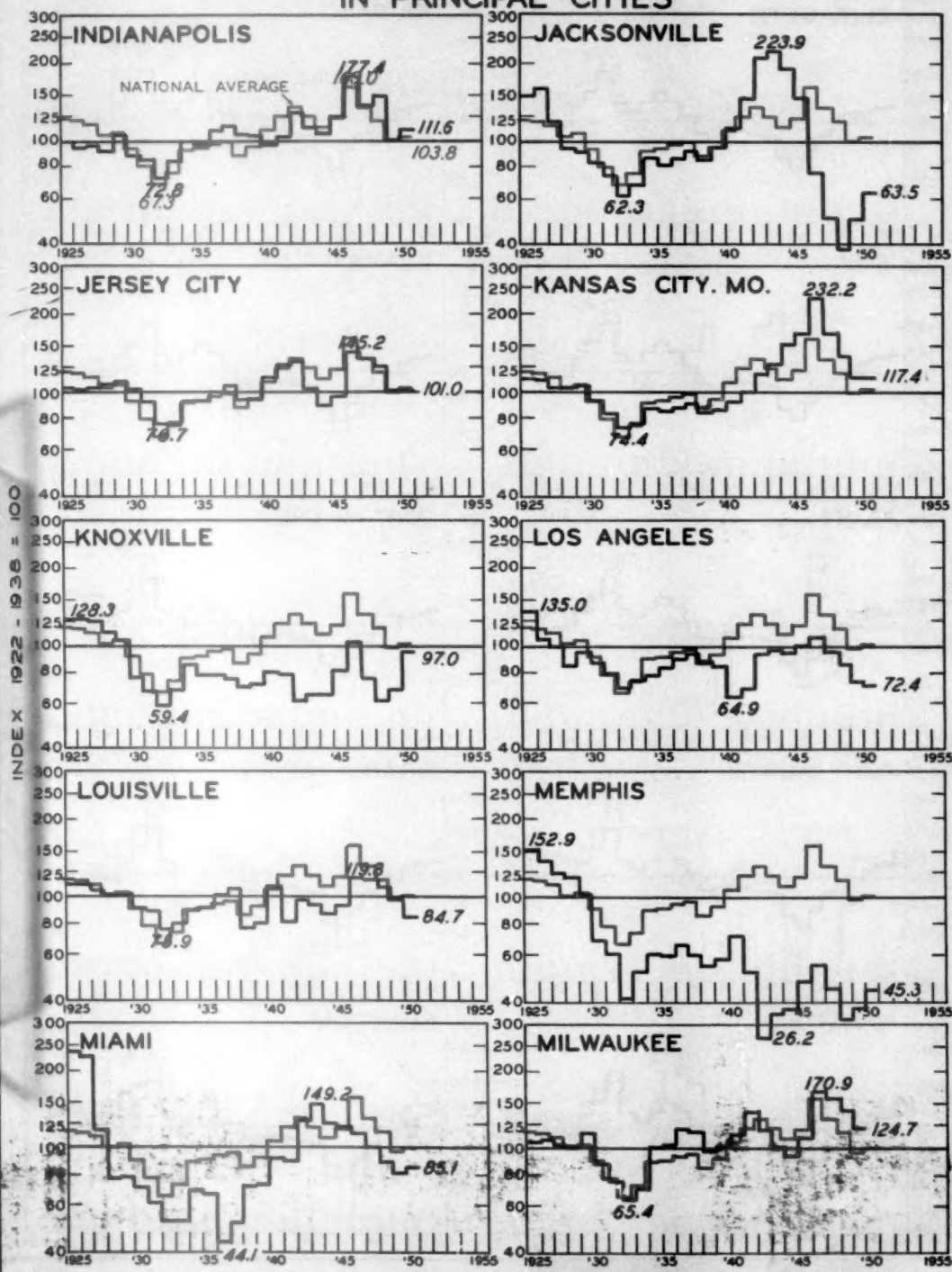


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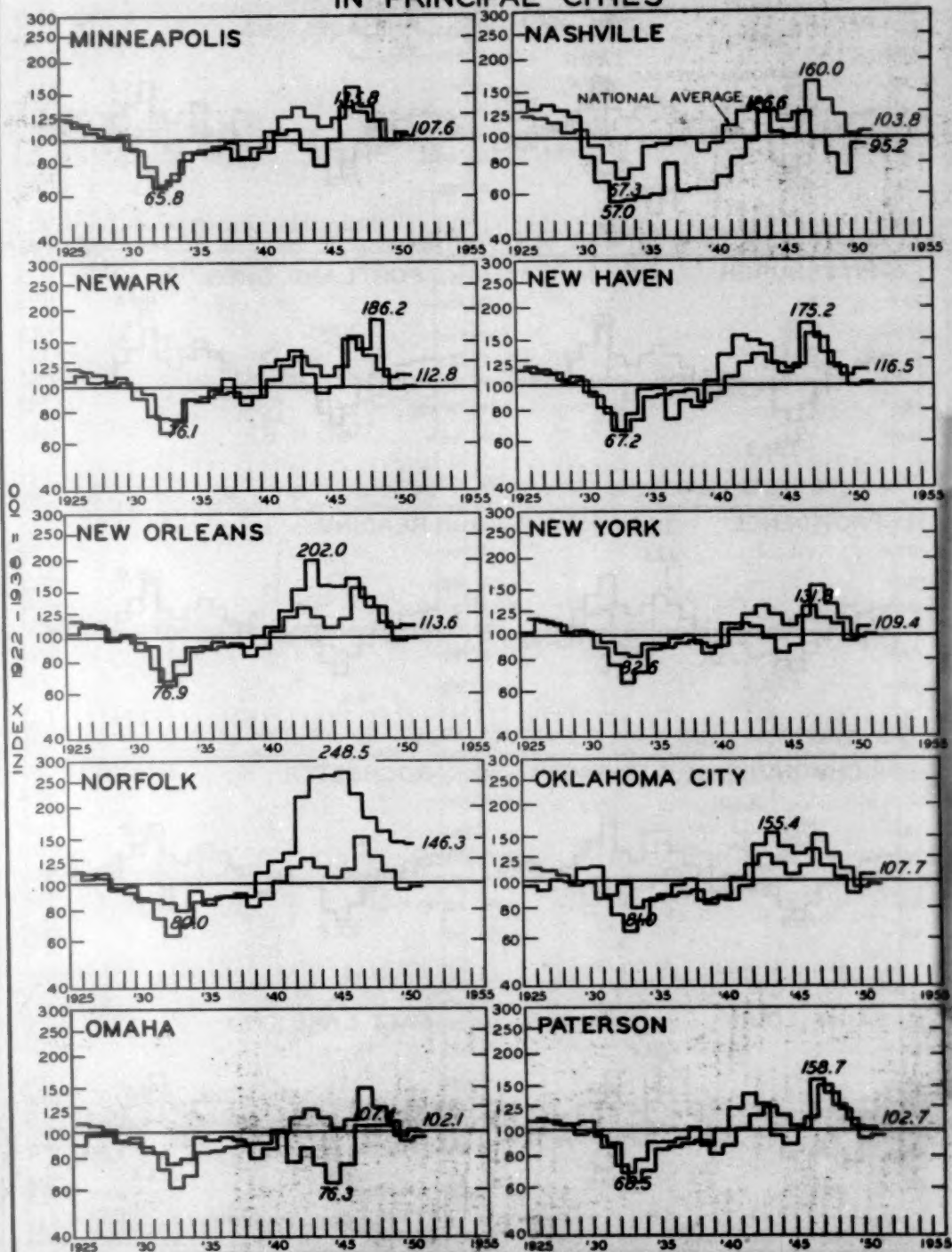


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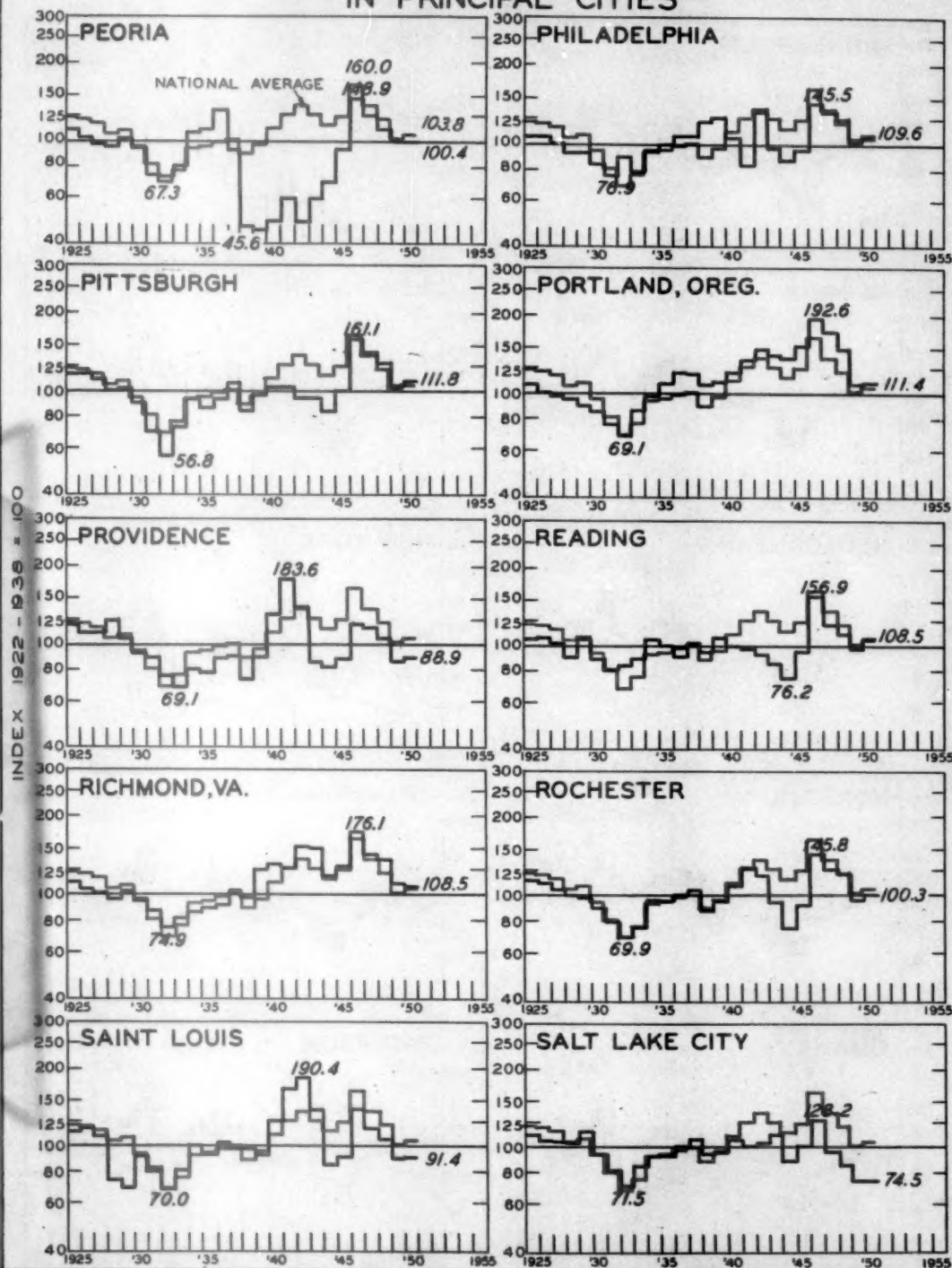
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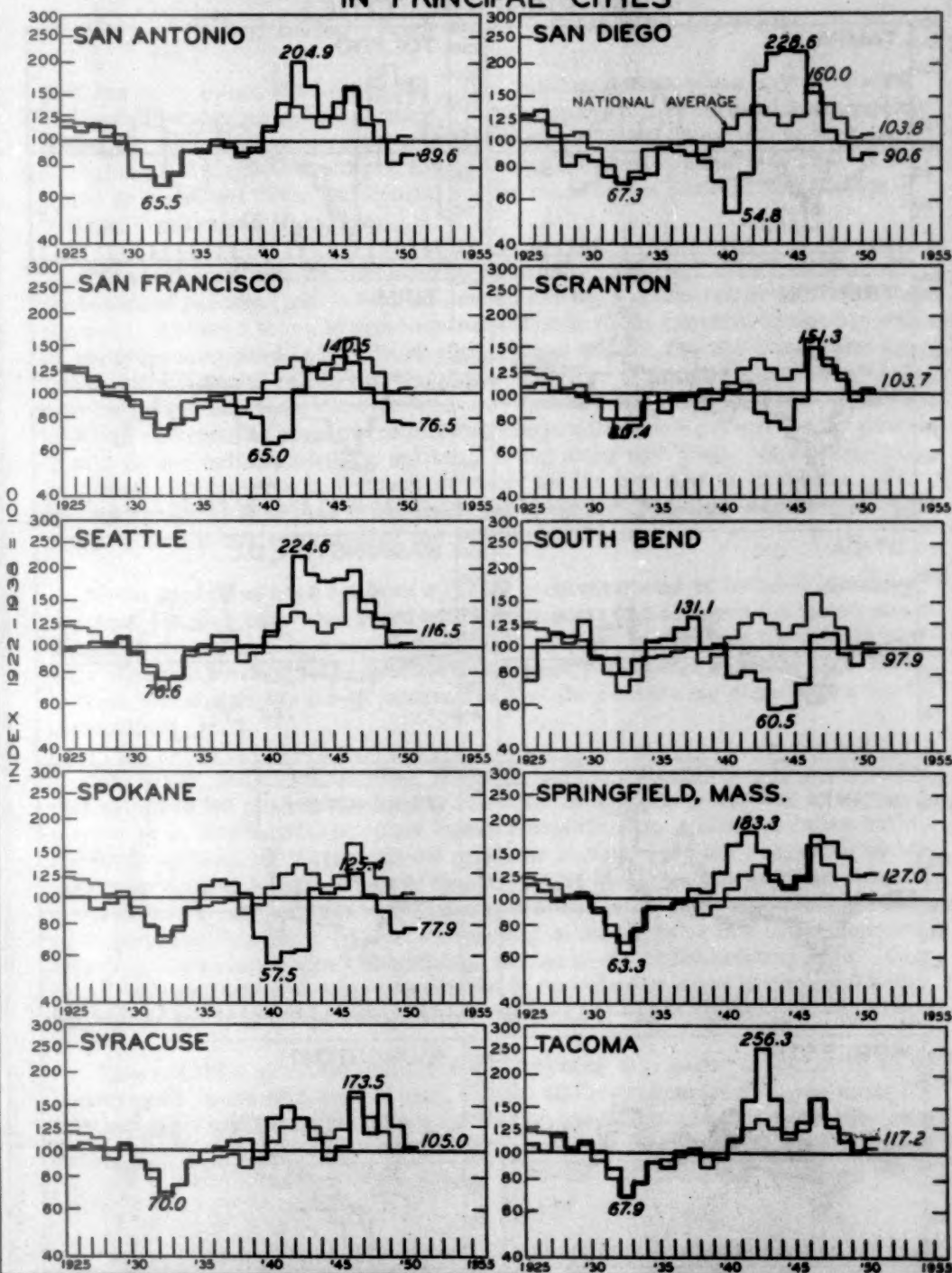


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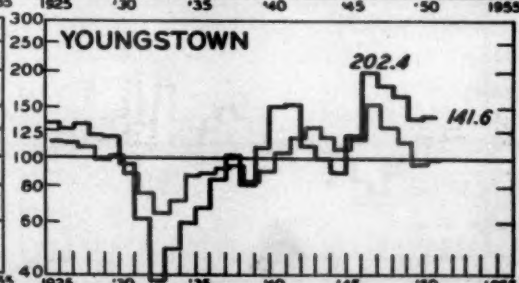
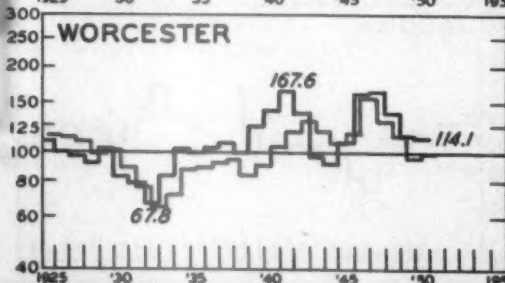
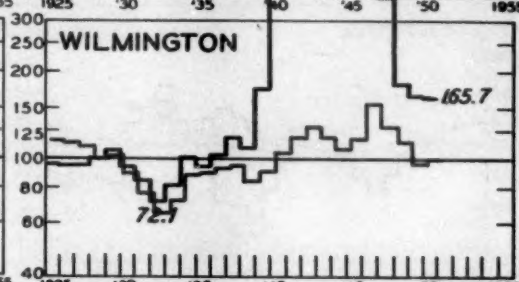
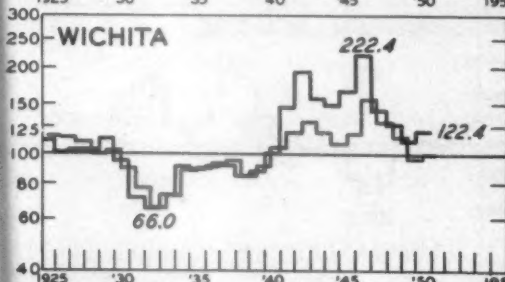
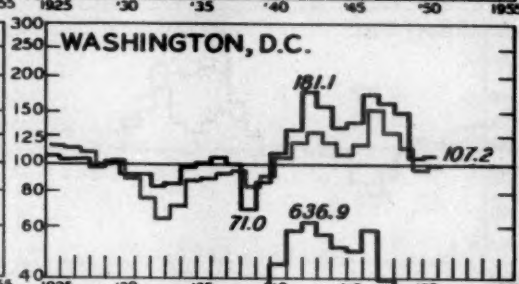
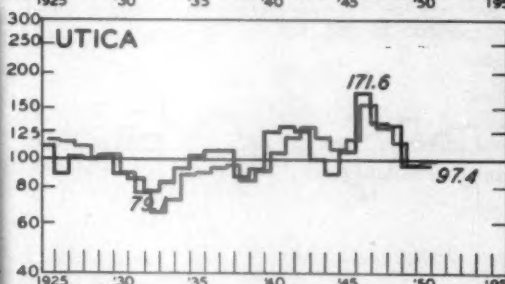
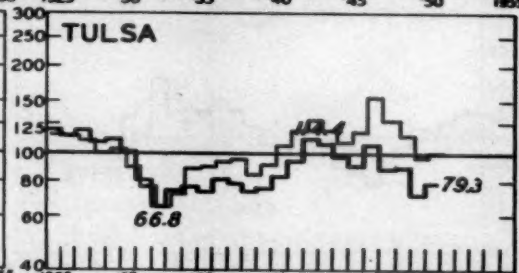
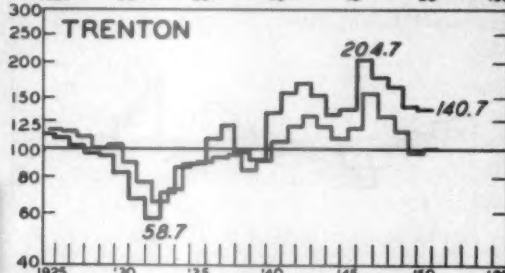
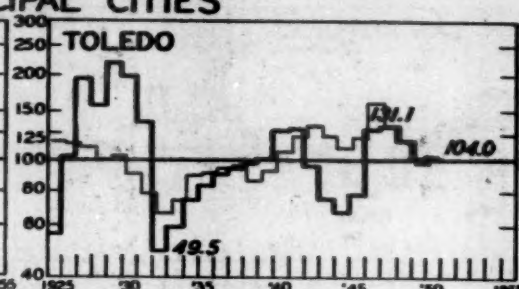
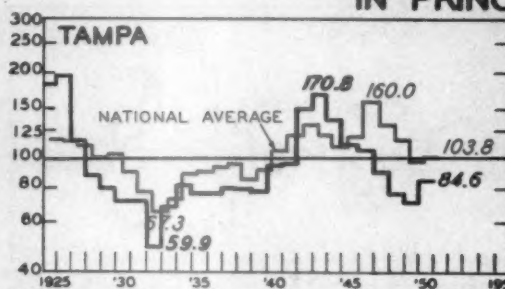


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FLUCTUATIONS IN THE MARRIAGE RATE IN PRINCIPAL CITIES



OFFICE BUILDING VACANCY MOVES LOWER

IT has been a long time since the office building industry has enjoyed such a protracted stretch of low vacancy. It will apparently last a good deal longer, and the vacancy rate is moving even lower. The vacancy rate in May 1951 throughout the major cities of the United States and Canada stood at 2.19%. This figure is the result of the semiannual survey made by the National Association of Building Owners and Managers.

The decreased vacancy rate has sprung from two sources. The first has been expansion of present tenants and the second has been increased government occupancy. Although there is considerable office building construction under way or recently completed in New York City, Texas and the Pacific Coast, the national picture shows comparatively little activity. Virtually all of these new buildings were started before government restrictions were imposed. So long as these restrictions keep office building construction on a permit basis, practically no new buildings will be started. Going along with these restrictions will be a continued increase in demand, probably for the next nine to 12 months. For these reasons we feel that the outlook for the office building industry is even brighter than it has been during the last several years.

While vacancies have not been a recent problem except in isolated instances, management men have been faced with higher costs and the need for modernization and conversion. It's sometimes a difficult task to convince the owners of a fully occupied building that any modernization or conversion is called for. Many of them feel that costs are excessive and that the remodeling game is not worth the candle.

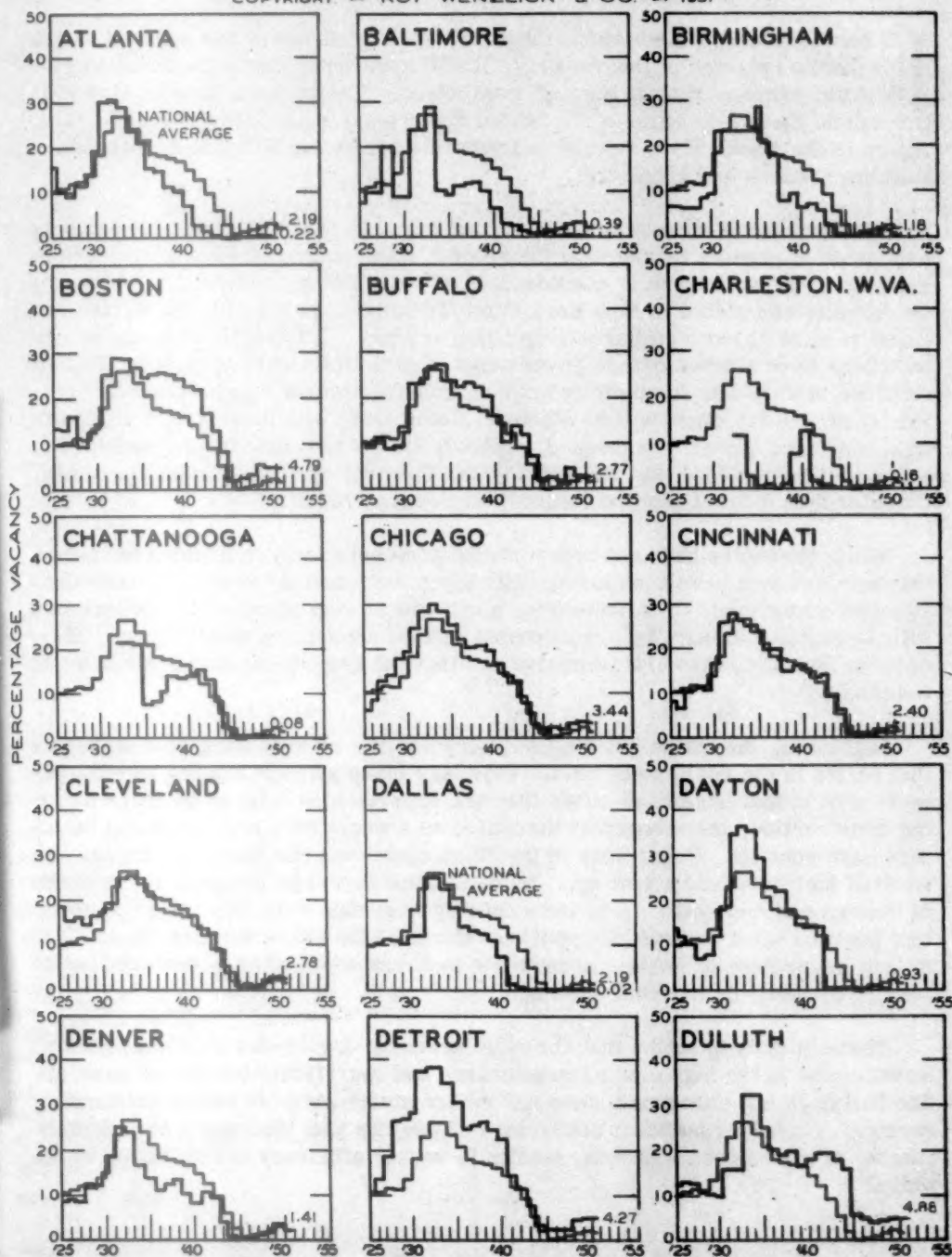
Moreover, the office building industry has the closest thing to a monopoly that exists in the real estate field. This may make strange reading to management men in that handful of cities that are experiencing a boom in office building construction, but throughout the nation as a whole very few competing buildings have gone up. Regardless of the "high cost" and "no vacancy" arguments, we still feel as we did a year ago. Modernization should be foremost in the minds of owners and managers. A modern building is certain to be in a better competitive position when serious competition returns to the office building field. This is true regardless of whether competition is furnished by other modernized buildings or by newly constructed buildings.

There's little question that the most pressing day-to-day problem faced by management is the high cost of maintenance and operation. Insofar as most office buildings are concerned, time and motion studies will not return outstanding savings. On larger buildings and on big maintenance jobs involving a considerable number of repetitive operations, studies in worker efficiency are definitely worth while.

OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

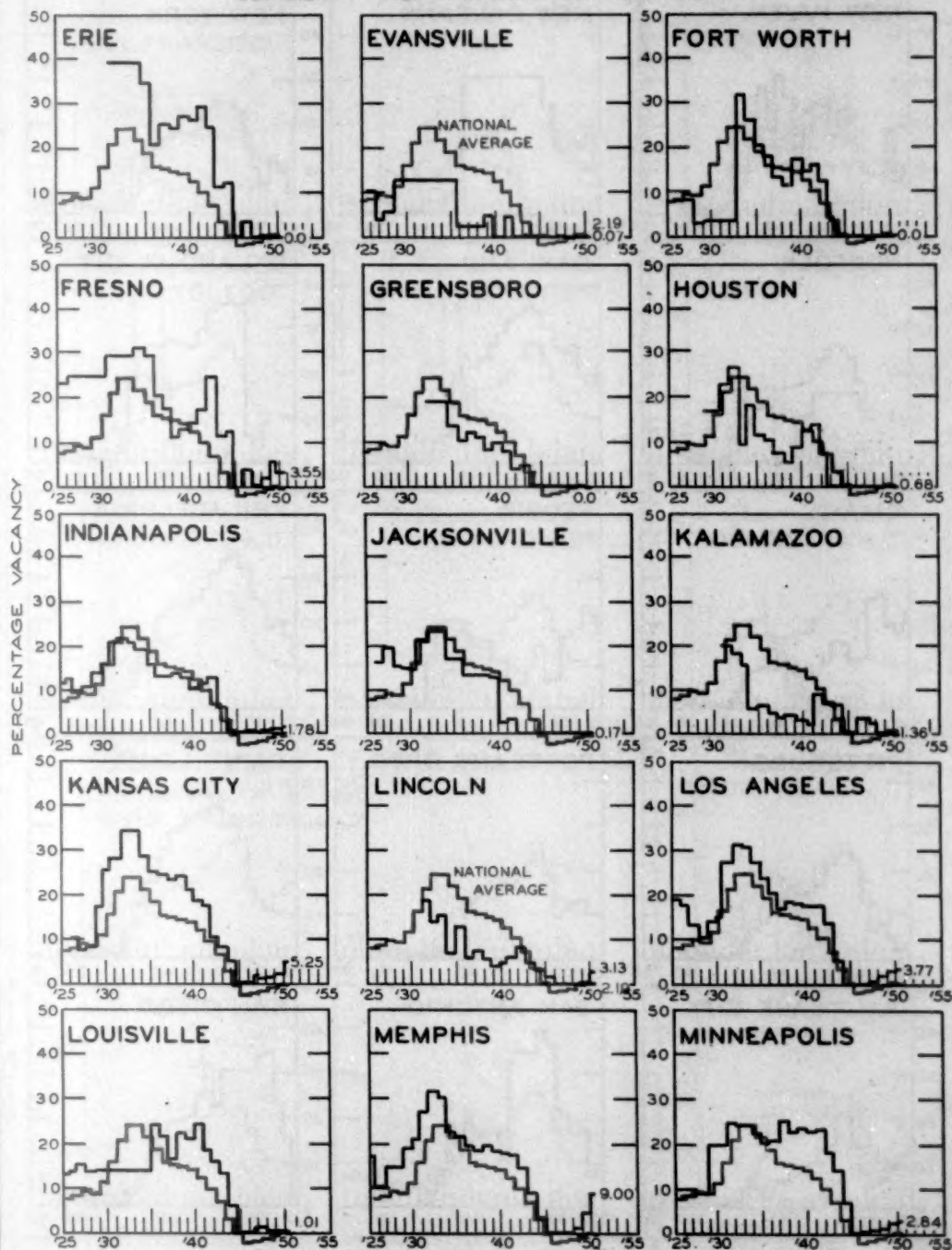
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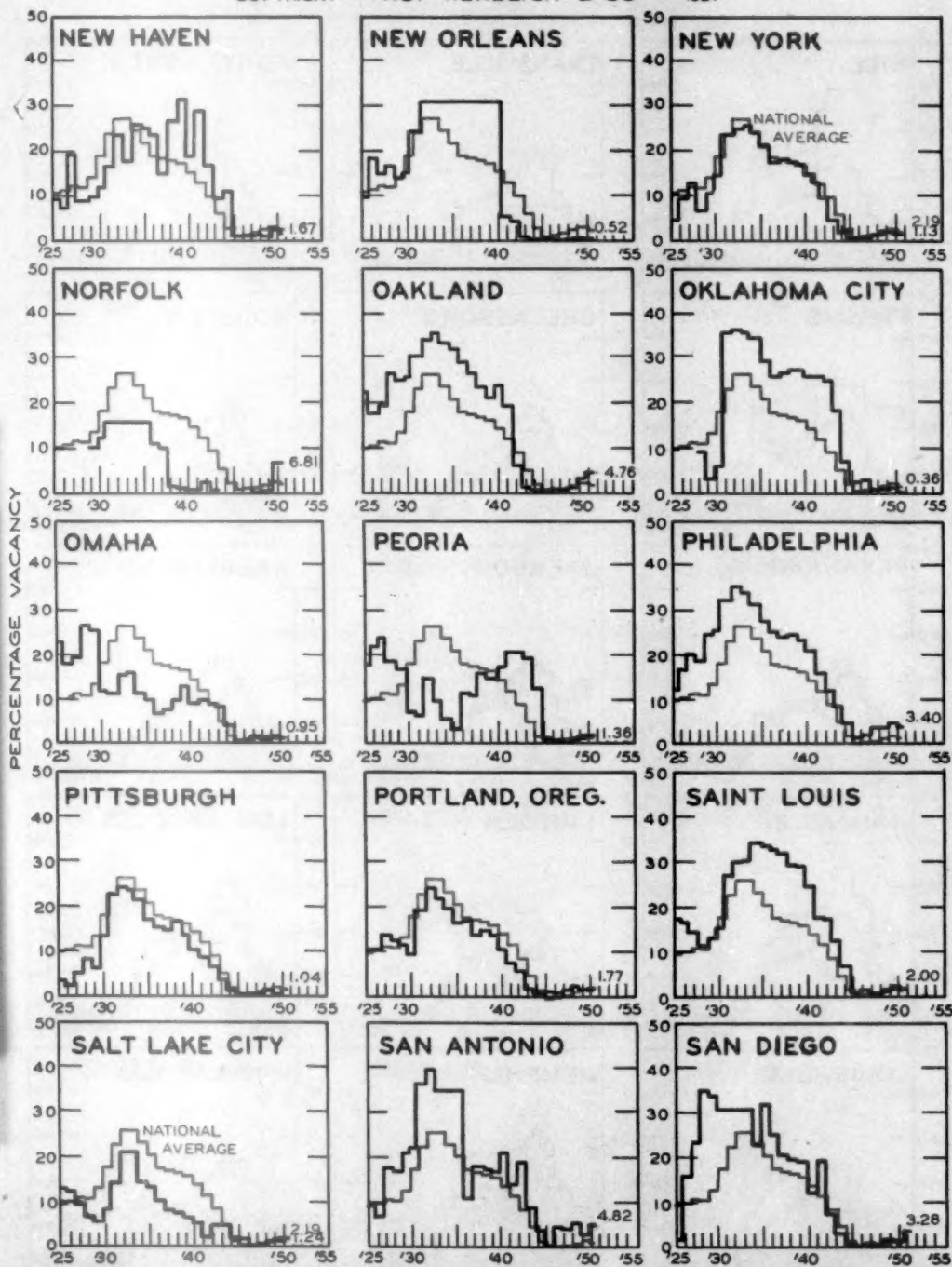
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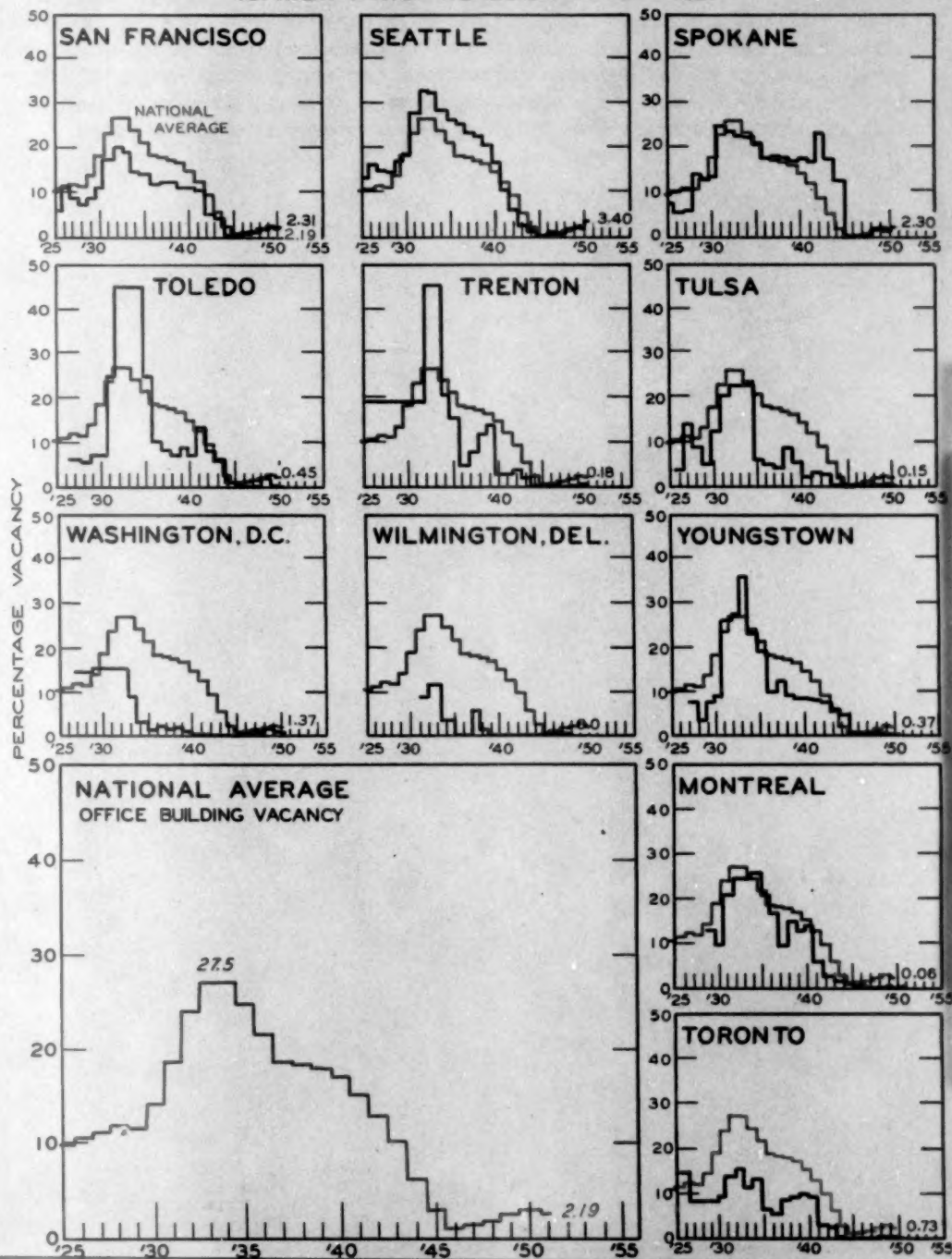
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MARRIAGE RATE LEVELS OFF

(cont. from page 328)

None of us knows what the government is liable to do with housing credit. It's conceivable, though hardly likely, that it will liberalize credit to even a greater extent than it did in late 1949 and early 1950. Liberalized credit would, of course, give the sagging market a good jolt upward, but our feeling is that such a jolt might have repercussions that would eventually prove more serious and more damaging than any that would result from following a more conservative credit line.